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EXECUTIVE COMMITTEE OF
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IMPLEMENTATION OF THE MONTREAL PROTOCOL
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Item 4(c)(ii) of the provisional agenda[1]

RECONCILIATION OF THE 2023 ACCOUNTS

1. This document is prepared in collaboration with the Treasurer and the implementing agencies (IAs) in response to decision 38/9(d).[2] It presents the reconciliation of the income as recorded in the 2023 final accounts with the 2023 progress report financial data (progress report) of the IAs and the Secretariat's inventory of approved projects database (Inventory); expenditures reported in the 2023 final accounts and in the progress reports; and a recommendation.

Reconciliation of the income

2. There were no discrepancies found between the 2023 progress reports and the Inventory as shown in table 1.

Table 1. Discrepancies between the 2023 progress reports and the Inventory (US $)*

Agency	Progress report	Inventory	Difference
UNDP	1,064,557,876	1,064,557,876	0
UNEP	453,413,390	453,413,390	0
UNIDO	1,056,142,536	1,056,142,536	0
World Bank	1,335,939,168	1,335,939,168	0

*Including agency support costs.

Net approvals and income in the 2023 final accounts and the progress reports

3. Differences in income between the 2023 final accounts and the progress reports are shown in table 2.

[1] UNEP/OzL.Pro/ExCom/95/1
[2] A full reconciliation of the accounts with the progress and financial reports should be prepared for the last meeting of each year.

Table 2. Differences in income between the 2023 final accounts and the progress reports (US $)

Agency	Progress report*	2023 final accounts	Difference**
UNDP	1,064,557,876	1,063,664,303	893,573
UNEP	453,413,390	453,554,294	(140,904)
UNIDO	1,056,142,536	1,053,690,497	2,452,039
World Bank	1,335,939,168	1,343,762,783	(7,823,615)

(*) Including agency support costs.
(**) A positive number means more income, while a negative number means less income in the IAs' progress report.

4. The explanations provided by the IAs for the differences in income between the 2023 final accounts and the progress reports, and actions to be taken are shown in table 3.

Table 3. Rationale for differences in income between 2023 final accounts and the progress reports (US $)

Row	Explanation	UNDP	UNEP	UNIDO	World Bank
1	Difference between final accounts and progress reports	893,573	(140,904)	2,452,039	(7,823,615)
2	Cumulative interest for China's HCFC phase-out management plan (HPMP) included in 2023 final accounts and held by China, and already offset against approvals (no action needed)	939,925			
3	Final interest earned in 2023 and already offset against approvals (no action needed)	(1,350,813)			
4	Interest income from 2023 and prior years (Treasurer to offset against 95th meeting approvals)		(659,258)		
5	Amounts withheld under decision 93/51(c) amounting to US $1,244,511 and under decision 93/44(e)(ii) amounting to US $59,950 for projects for China and Mozambique, respectively, received in 2024 (no action needed)	1,304,461			
6	Amount withheld under decision 93/36 amounting to US $163,285 and under decision 93/44(e)(ii)) amounting to US $355,069 for projects for Qatar and Mozambique, respectively (no action needed)		518,354		
7	2024 core unit funding reflected in 2023 accounts as deferred income (UNIDO to adjust in its 2024 accounts)			2,264,760	
8	Interest for China's HPMP deducted in 2023 accounts but not yet offset against approvals (UNIDO to adjust its next payment to China, and in its 2024 accounts)			121,092	
9	Interest income from the second and third quarters of 2023, and already offset against approvals (no action needed)				(1,110,851)
10	Final interest income earned in 2023 (Treasurer to offset against 95th meeting approvals)				(705,796)
11	Net approvals from the 93rd meeting paid in 2024 (no action needed)				15,693,401
12	Refund by China to the World Bank for the halon sector plan per decision 87/24(b), and paid by the World Bank to the Treasurer in 2022 (no action needed)				(8,723,046)
13	Payment received from China to the World Bank for stage I of the HPPMP as per decision84/2(b)(vi) (no action needed)				(133,146)
14	Funds returned by China of US $33,907 for CFC production plan; US $280,108 for CFC polyurethane foam sector plan; and US $22,119 as interest for the "ODS IV" account (no action needed)				(336,134)
15	Foreign-exchange gains from Thailand chiller				(154,177)

Row	Explanation	UNDP	UNEP	UNIDO	World Bank
	project (THA/REF/26/INV/104) (no action needed)				
16	Funds returned by Philippines after closure of an ODS phase-out project (no action needed)				(31,849)
17	Cumulative interest accrued during stage I and stage II of the HPMP and stage II of the HPPMP for China reported in the accounts, but already offset against approvals. This amount also includes funds returned by China of US $2,787 as per decision 91/70(d)(i) (no action needed).				93,272
18	Standing reconciling item of Japan bilateral contribution (THA/PHA/68/TAS/158)*				(342,350)
19	Standing reconciling item of Japan bilateral contributions (VIE/PHA/76/TAS/71, VIE/PHA/84/INV/75 and VIE/PHA/87/INV/79)*				(234,170)
20	Standing reconciling item of Sweden bilateral contribution (THA/HAL/29/TAS/120)*				(225,985)
21	Standing reconciling item of the United States of America bilateral contribution (CPR/PRO/44/INV/425)*				(5,375,000)
22	Standing reconciling item of the United States of America bilateral contribution (CPR/PRO/47/INV/439)*				(5,375,000)
23	Standing reconciling item of Thailand chiller project (THA/REF/26/INV/104)*				(1,198,946)
24	Total (rows 2 to 23)	893,573	0	2,385,852	(8,159,777)
25	**Difference (row 1 minus row 24)**	**0**	**0**	**66,187**	**336,162**

* To be closed on completion of the World Bank's Montreal Protocol's activities.

5. Based on the explanations provided, UNIDO's difference of US $66,187 and the World Bank's difference of US $336,162 are outstanding reconciling items.

Expenditures reported in the 2023 final accounts and in the progress reports

6. Table 4 shows the differences between the cumulative expenditures reported to the Treasurer in the 2023 final accounts and the funds disbursed and committed as reported in the progress reports for the period 1991 to 2023.

Table 4. Differences in cumulative expenditures between progress reports and 2023 final accounts (US $)

Agency	Progress report*			Cumulative expenditures for 2023 final accounts	Differences**
	Funds disbursed	Funds committed	Total cumulative		
(1)	(2)	(3)	(4) = (2)+(3)	(5)	(6) = (4)-(5)
UNDP	992,379,334	2,006,418	994,385,752	991,336,184	3,049,568
UNEP	395,550,667	19,338,603	414,889,270	396,324,583	18,564,687
UNIDO	963,550,821	33,576,975	997,127,796	964,680,710	32,447,086
World Bank	1,291,124,558	43,900,383	1,335,024,941	1,302,519,296	32,505,645

(*) Including agency support costs.
(**) A positive number means more expenditure and a negative number means less expenditure indicated in the progress report than in the accounts.

7. Table 5 below provides the explanation for the differences provided by relevant IAs and actions to be taken.

Table 5. Rationale for differences in expenditures between progress reports and 2023 final accounts (US $)

Row	Explanation	UNDP	UNEP	UNIDO	World Bank
1	Difference between progress report and 2023 final accounts	3,049,568	18,564,687	32,447,086	32,505,645
2	Commitments included in progress report but not in financial statement, as only expenses are included in the International Public Sector Accounting Standards (IPSAS) financial statement (no action needed)	2,006,418	17,990,373	29,728,574	
3	Commitments included in progress report but not in financial statement, as only expenses are included in the financial statement (no action needed)				43,900,383
4	Cumulative interest income held by China included in UNDP’s progress report and not in UNDP’s accounts (no action needed)	939,925			
5	Savings on prior biennium obligations. Standing reconciling item of reduction of expenditure in financial statement not associated with any specific projects. Increases the fund balance due to the Fund (can only be returned when the Trust Fund is closed)	68,300			
6	Standing reconciling item of reduction of expenditure in financial statement not associated with any specific projects. Increases the fund balance due to the Fund (can only be returned when the Trust Fund is closed)	29,054			
7	Amount understated in the 2023 financial statement (UNDP to adjust in its 2024 accounts)	5,871			
8	Expenditure incurred in 2023 and reflected in progress report in 2023 but recorded in Umoja in 2024 (no action needed)		228,081		
9	Difference between projected and actual agency support costs that had not been recorded in 2023 (no action needed)		346,234		
10	Undepreciated assets included in progress report but not in financial statement, as only expenses are included in IPSAS financial statement (no action needed)			748,238	
11	Fixed-exchange adjustment in the financial statement (no action needed)			17	
12	2023 year-end adjustments (no action needed)			11,059	
13	Expenditure incurred in 2023 and reflected in the financial statement but not in progress report as they are disbursements to special accounts (no action needed)				(11,196,623)
14	Total (rows 2 to 13)	3,049,568	18,564,687	30,487,888	32,703,760
15	**Difference (row 1 minus row 14)**	**0**	**0**	**1,959,198**	**(198,115)**

8. Based on the explanations provided in table 5, UNIDO's difference of US $1,959,198 and the World Bank's difference of US $198,115 are outstanding reconciling items.

Recommendation

9. The Executive Committee may wish:

(a) To note the reconciliation of the 2023 accounts contained in document UNEP/OzL.Pro/ExCom/95/6;

(b) To request the Treasurer to deduct from future transfers at the 95th meeting:

(i) To UNEP, US $659,258, on account of income from interest reported in its 2023 final accounts that had yet to be offset against new approvals;

(ii) To the World Bank, US $705,796, on account of income from interest reported in its 2023 final accounts that had yet to be offset against new approvals;

(c) To request UNDP to make adjustments in its 2024 accounts, US $5,871 representing expenditure that had been reflected in its 2023 progress report but not in the final accounts;

(d) To request UNIDO to make adjustments in its 2024 accounts, US $2,264,760 representing income that had been recorded in 2023, and US $121,092 representing interest for China deducted in its 2023 accounts but not yet offset against payments by UNIDO;

(e) To note that the following 2023 outstanding reconciling items would be updated prior to the 97th meeting by relevant implementing agencies:

(i) Differences of US $66,187 in income and US $1,959,198 in expenditure, between the progress report and the final accounts of UNIDO;

(ii) Differences of US $336,162 in income and US $198,115 in expenditure, between the progress report and the final accounts of the World Bank;

(f) To note the standing reconciling items as follows:

(i) For UNDP, for unspecified projects, in the amounts of US $68,300 and US $29,054;

(ii) For the World Bank, for the following projects implementing with other bilateral agencies where applicable:

a. Bilateral cooperation of the Government of Japan (THA/PHA/68/TAS/158), in the amount of US $342,350;

b. Bilateral cooperation of the Government of Japan (VIE/PHA/76/TAS/71), (VIE/PHA/84/INV/75) and (VIE/PHA/87/INV/79), in the amount of US $234,170;

c. Bilateral cooperation of the Government of Sweden (THA/HAL/29/TAS/120), in the amount of US $225,985;

d. Bilateral cooperation of the Government of the United States of America (CPR/PRO/44/INV/425), in the amount of US $5,375,000;

e. Bilateral cooperation of the Government of the United States of America (CPR/PRO/47/INV/439), in the amount of US $5,375,000; and

f. The Thailand chiller project (THA/REF/26/INV/104), in the amount of US $1,198,946.